

MICHAEL C. BURGESS, M.D.
26TH DISTRICT, TEXAS

WASHINGTON OFFICE:
1721 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(202) 225-7772
www.house.gov/burgess

Congress of the United States
House of Representatives
Washington, DC 20515-4326

Medical Focus - Avian Flu Essentials

April 6, 2006

Spotlight on SARS and Lessons Learned

Dear Colleague:

In the twentieth letter of the Avian Flu Essentials series, I would like to present an economic overview of the impact of SARS. The impact of this outbreak could be viewed as a precursor of events that could correspond with an avian flu outbreak. Certain industries such as tourism, retail, and transportation suffered the deepest losses. Most of these industries felt the negative impact of SARS mainly during the epidemic and their profits returned to pre-SARS level quickly afterwards. However, billions of dollars were not recovered and this cost was born over a short period of just a few months.

Here is some industry data from different countries. From May 2002 to May 2003, tourism in China had decreased by 94 percent. In addition, the stock markets in Shanghai and Shenzhen were closed for two weeks during the SARS crisis. The airline industry especially struggled during this period. Many leisure and business flights to Asia were canceled. Air Canada had to file for bankruptcy and was losing \$5 million Canadian dollars a day.

Below are also some of the components of the Hong Kong government aid package to promote economic growth and consumer spending (from CRS report RL 32072):

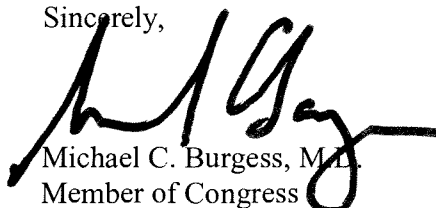
- waiving water and sewage charges for the general public for up to four months
- increasing income tax rebates
- waiving license fees for heavily affected industries
- guaranteeing \$450 million in loans to affected businesses
- increasing medical research spending
- reducing commercial rents for stores at public housing sites and other government-controlled properties

Furthermore, the situation in Canada is depicted in more detail in an article on the reverse of this letter. The extent to which SARS was felt locally by businesses should not be overlooked.

Public confidence and understanding of the unfolding epidemic affected market trends as well. A rise in the purchase of cars in China occurred as people wanted to avoid public transportation and the risk of getting infected.

The aggregate cost of an infectious disease outbreak is not just measured by the global investments made by affected and assisting countries to halt that disease. We also need to take into account the cost of subsequent incentives, such as tax breaks and subsidies, which are necessary to help in the recovery of the economy and bankrupting industries after the outbreak subsides. These losses can escalate should a more widespread pandemic occur.

Sincerely,


Michael C. Burgess, M.D.
Member of Congress

DISTRICT OFFICE:
1660 SOUTH STEMMONS FREEWAY
SUITE 230
LEWISVILLE, TX 75067
(972) 434-9700

COMMITTEE:
ENERGY AND COMMERCE
SUBCOMMITTEES:
HEALTH
ENERGY AND AIR QUALITY
OVERSIGHT AND INVESTIGATIONS
HOUSE REPUBLICAN
POLICY COMMITTEE
CHAIRMAN:
MEDICARE AND MEDICAID
SUBCOMMITTEE

DISTRICT OFFICE:
1100 CIRCLE DRIVE
SUITE 200
FORT WORTH, TX 76119
(817) 531-8454

Excerpt from CBC News, *The Economic Impact of SARS*, July 8, 2003

TORONTO

Toronto businesses were hit hard by SARS, says Joe Mihevc, Toronto city councillor and chair of the city's health board. "We are talking... millions of dollars in lost potential (economic activity)," he told CBC Newsworld on April 20.

Severe acute respiratory syndrome (SARS) was taking a devastating toll on the tourism sector even before the World Health Organization released its advisory against non-essential travel to Toronto. The advisory is making a bad situation worse.

- cancellations at Greater Toronto Area hotels led to an estimated \$39 million in lost revenues during the month of April 2003 alone (Source: *Canadian Tourism Commission*)
- audiences at theatres dwindled
- bus and tour companies were hit – more than 800 bus tours were cancelled as of April 24, with an estimated economic loss of \$5 million to \$6 million*
- fewer people were dining at restaurants – restaurant business was down between 20 and 30 per cent, according to economic development commissioner Joe Halstead*
- conventions were cancelled – the cancellation of one health-care convention probably cost the region about \$6 million, according to Ontario Enterprise Minister Jim Flaherty

*Source: *Toronto Star*

The City of Toronto put together a plan to deal with the economic consequences of SARS and Toronto Mayor Mel Lastman asked banks to help residents and businesses affected by the disease. Some banks had already planned to help. The Royal Bank, for example, looked into a program to help clients by deferring payments such as it did during the Quebec ice storm and the Manitoba flood in the 1990s. Other banks considered similar plans.

ONTARIO

According to the Canadian Tourism Association, cancellations attributed to SARS have cost Ontario hoteliers \$60 million in the month of April 2003 alone.

In June, Ontario continued to press for more federal funds by presenting Ottawa with a detailed breakdown of the cost of the SARS outbreak.

Ontario Health Minister Tony Clement estimated that, as of June 27, 2003, SARS had cost that province's health-care system \$945 million. Driving up the cost are special supplies needed to protect health-care workers as well as expenditures associated with constructing specialized SARS clinics and isolation rooms.

Ontario Municipal Affairs Minister David Young says SARS should have received "an immediate and meaningful" response from Ottawa. The federal government offered \$150 million in aid and said it would negotiate another \$100 million, but Young called that "paltry."

Young and Clement want Ottawa to pay 90 per cent of the cost of SARS under disaster relief legislation. They say the SARS outbreak should be given aid equivalent to other emergencies, such as the Manitoba flood or the Quebec ice storm.

Federal disaster relief began flowing within 10 days of the ice storm - "before the ice had melted," says Young, and Ontario should get the same treatment. "Ontarians are not second-class citizens."

In April 2003, when the cost of SARS only pegged at \$84 million, the Ontario government put together an economic recovery plan to help Toronto businesses.

Premier Ernie also promised that people in Ontario who lost wages due to SARS quarantine would be fully compensated. The plan included people who don't get help from benefit plans or federal employment insurance, or people who are self-employed without benefits. Front-line health-care workers who lost wages would also get compensation.

As well, Ontario announced it would give Toronto-area hospitals \$25 million to help deal with surgical backlogs due to SARS, and launch a \$10-million ad campaign promoting Toronto once the outbreak is over.